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Soviet Bloc Indications

Despite recent evidence that the current Sino-Soviet Bloc policy is one of moderation and willingness to negotiate basic issues with the West, the Communists are continuing, at the same time, to build up military capabilities, particularly in critical areas such as East Germany, North Vietnam and East China. The scope and tempo of this buildup suggest that this policy of moderation may be a diversionary move to ultimately weaken the defensive posture of the West or may only reflect an estimate by the Communists that there is now increasing opportunity to advance toward attainment of basic goals through negotiation. Increasing Sino-Soviet military power in key areas not only enables them to negotiate from positions of strength but also substantially improves their capabilities to revert to more direct means if the results of the present policy fall short of expectations.

The Soviet Union, just prior to and even during the Berlin conference, continued to strengthen ground and air force capabilities in the European satellites. Soviet tank strength in East Germany has been increased by over 25 percent with the receipt of about 1,000 new model medium tanks since the first of this year (including several hundred during May and June). The Soviet Air Force in East Germany has significantly increased in size and capabilities during 1955 with replacement of MiG-15's by MiG 17's, airfield construction and improvement, and the deployment of three jet border regiments and one reconnaissance unit in March and April from the Southern USSR. This movement, which in itself doubled Soviet border strength in East Germany, was followed on 15 July by the deployment of yet another regimental size border unit into the area, bringing the present total to at least 7 border regiments and 2 reconnaissance units.

Elsewhere in the European satellites, the air forces of Poland, Czechoslovakia, Hungary, Rumania and Bulgaria have been improved during the past year by the activation of 6 new MiG-15 regiments, re-equipping of 1 piston fighter regiment with MiG-15's and the possible activation of 4 jet light border regiments. There are currently a total of 19 major airfields under construction in the satellites, 13 in Poland alone.

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Recent Soviet moves to ease East-West tensions, such as the signing of the Austrian Peace Treaty and the announcement of troop withdrawals from Austria, Hungary and Bulgaria seem to indicate nothing more than that the Soviet Union is attempting to create and maintain a favorable climate for continued negotiations over European issues. In view of the buildup elsewhere in Europe, it seems clear that these moves do not involve any sacrifice in overall Communist military strength.

The long-term military development and production program in the USSR has not only enabled the Soviets to supply military equipment to the rest of the Bloc, but also has resulted recently in several significant increases in Soviet military capabilities. The re-equipping of Soviet long range bomber units with jet bombers this spring, long distance precision bombing missions in June, extensive air defense exercises and the public displays of new Soviet jet fighters and bombers are indicative of increases in both offensive and defensive air power in the Soviet Union. The naval construction program continues to turn out new units for the Soviet Fleet, and recent information indicates that the submarine production rate is being stepped up. A previous estimate that 75 submarines would be added to the Soviet long range submarine force in 1955 is being revised upward. In mid-July, a new light cruiser was added to the Soviet Northern Fleet, located in the Archangel area. This cruiser, together with two others transferred from the Baltic in May brings cruiser strength in the area to seven. In addition, there are at least 20 new long range submarines and at least 26 destroyers in the Northern Fleet, which is the only Soviet fleet with free access to the Atlantic. Capabilities of the Soviet Pacific Fleet will also be significantly enhanced by the convoy now reportedly proceeding across the Northern Sea Route. This convoy, which includes two cruisers, 12 sub-chasers, 12 long range submarines and a sub-tender together with 9 merchant type vessels, is expected to arrive in the Pacific in early September. The reported submarine strength of the Pacific Fleet as of 1 January 1955 was 92 vessels, 64 in operational status.

In the Far East, Communist China has been rapidly expanding its military capabilities by means of a large scale construction program with a considerable amount of Soviet aid. Indicative of the scope of China's military program is the fact that in the record US \$12 billion budget for 1955, almost one-fourth is allocated for defense, representing an increase in military spending of 24 percent over 1954. Moreover, Soviet financial aid appears to be very important. The amount of the Soviet military loan to Communist China for 1955 is not known, but it is described by the Chinese themselves as "enormous assistance", and is to be used for the delivery of "much military material". The 1954 loan is believed to have financed US \$450 million worth of military goods.

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The Soviet Union has continued to transfer additional jet aircraft, naval vessels and other military equipment to the Chinese Communists.

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[REDACTED] Some 100 more jet bombers and possibly 300 - 500 jet fighters may also have been transferred to Communist China during 1959, all of which would be in addition to 700 jet fighters and 115 jet bombers in Chinese Communist hands at the end of 1958. During July, the Soviets are believed to have turned over 2 destroyers and 4 submarines to the Chinese. This would raise Chinese Communist destroyer strength to 4 and submarine strength to at least 11.

Communist China's military buildup has been especially evident in the Far China area. The Communists have almost completed the construction of a series of five jet airfields on the coast directly opposite Formosa and have built a large new jet field on the Shantung Peninsula. Logistic and communications capabilities have been greatly extended through road construction and establishment of additional radio facilities. At least four strategically important, hitherto unpublicized rail lines, each of which will provide logistic support for military installations on the China coast, including one which will facilitate support of the airfields opposite Formosa, have either been recently completed or are now under construction.

Moreover, both the Soviet Union and Communist China are continuing to build up the military capabilities of Communist forces in North Korea and North Vietnam, provisions of the cease-fire agreements to the contrary notwithstanding. In North Vietnam, the Communists have developed the army into a comparatively well-equipped force capable of Western-style positional warfare and far superior to any other indigenous force in S.E. Asia. In North Korea, although overall troop strength has been reduced, the Communists have been supplying planes, building airstrips, and re-equipping military units with more modern equipment.

Chinese Communist objectives in the Far East appear to include ultimate control of the Offshore Islands and Formosa, domination of Indochina and, for the present, maintenance of the status quo on the Korean Peninsula. While it is evident that the Communists will attempt to reach these objectives by negotiation, the nature and extent of the military buildup suggest that they intend to resort to force if other means fail. The Soviet Union, by virtue of continued and decisive large-scale support of the Chinese Communists, appears to be in basic agreement with these objectives, despite the inherent risks of open hostilities.

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In summary, behind the facade of Sino-Soviet affability, which appears to have had a far-reaching effect on world public opinion, there is clear evidence of an increasing military buildup. In spite of the change in Khrushchev's tactics, there is no real evidence that their objectives have changed. In our judgment, the situations in the Far East, especially in the Formosa Straits, have developed to the point where the Communists might at any time make a decision to resort to the use of force in attaining their objectives. We think the next few months are critical and that the most careful scrutiny and analysis of all incoming information concerning the entire file for indications of Communist intentions is required.

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